

**Testimony on behalf of
National Alliance to End Homelessness
by
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**to
House Subcommittee on Housing and Community Opportunity
Re: H.R. 3995,
Housing Affordability for America Act of 2002
April 23, 2002**

Madam Chairman, Mr. Frank and members of the Subcommittee, I am honored that you have invited the National Alliance to End Homelessness to testify before you today. As the Executive Director of the Supportive Housing Network of New York, I am on the national advisory committee to the Alliance. The Supportive Housing Network represents 150 non-profit agencies that have developed permanent housing with on-site services for over 18,000 low income and formerly homeless individuals and families in New York State. The National Alliance to End Homelessness is committed to ending homelessness—a goal that we are convinced is well within our reach as a nation. In the past, the Alliance and its members have been pleased to work with the Committee to make progress toward this goal. Your concern about homelessness and affordable housing programs is laudable.

The National Alliance to End Homelessness is a nonpartisan, nonprofit organization that was founded in 1983 by a group of leaders deeply disturbed by the emergence of a new social phenomenon – thousands of people living on the streets. Since its founding in 1983, the focus of Alliance has shifted as the problem of homelessness has changed. Once focused on securing immediate food and shelter, today the Alliance, which has grown to include 2,000 member nonprofit and public sector agencies and corporate partners in every state in the nation, focuses on permanent solutions to homelessness. Like the Alliance that has developed a 10-year plan to end homelessness, the Supportive Housing Network of New York has outlined a Blueprint to End Homelessness in New York City.

I am speaking today about the H.R. 3995, the Housing Affordability for America Act of 2002. This bill includes several items that are critical to the goal of ending homelessness. These include making permanent the set-aside for permanent supportive housing, funding renewals of the Shelter Plus Care program from the Housing Certificate Fund, reauthorizing the Interagency Council on the Homeless, and reauthorizing several important programs of the McKinney-Vento Homeless Assistance Act. This bill would also target funds for the development of affordable housing to people who are most likely to become homeless – those with extremely low incomes. To be fully appreciated, these provisions must be understood in the context of what it takes to end homelessness.

It is important to remember that prior to the 1980s, there was not widespread homelessness in the nation. Although there were problems such as mental illness, drug abuse, and deep and pervasive poverty, people experiencing these problems were able to find a place to live. But then the seeds of deinstitutionalization, loss of affordable housing stock, destruction of a million units of single room occupancy housing, new kinds of illegal drugs and an increase in poor, single parent households began to take root. In the 1980s, they grew into homelessness. The absence of widespread homelessness before then is a reminder that homelessness is not inevitable. It has not always existed, and it does not have to exist now.

To end homelessness, several important steps have to be taken. One is to prevent people from becoming homeless – in other words, closing the front door into homelessness. This bill begins to address this problem by targeting flexible housing resources to people with extremely low incomes – below 30% of the area median income (AMI). This is especially important considering that the amount of housing affordable to low-income households has been steadily declining for several decades. In 1970, there were 300,000 *more* affordable housing units available, nationally, than there were low-income households that needed to rent them. By 1995, there were 4.4 million *fewer* affordable units than low-income households that needed them. As these figures demonstrate, the need for affordable housing for lower income families is severe, and we encourage the subcommittee to continue to find resources to solve this problem.

Another important step in preventing homelessness is ensuring that the public service systems that are supposed to care for disadvantaged people—including TANF, mental health, substance abuse treatment, criminal justice, and foster care systems are doing their jobs. Unfortunately, those programs are outside of the jurisdiction of this subcommittee. It is our hope that other members, and partners at the state and local level, are as dedicated to ending homelessness as the members of this subcommittee.

Ending homelessness also requires that we open the back door out of homelessness by providing the housing and supportive services needed for families and individuals to move into permanent stable homes. In New York there is a great precedent for collaboration between the city and State, known as the New York/New York Agreement, to develop and operate thousands of units of permanent supportive housing for homeless individuals living with mental illness. This effort has resulted in a significant reduction in the number of individuals utilizing the shelter system in New York City.

The dimensions of the homeless problem are sizeable. The Urban Institute has estimated, based on the National Survey of Homeless Assistance Providers and Clients undertaken in 1996 by the Census Bureau, that as many as 3.5 million people experience homelessness in the course of a year.¹ In New York City each night over 33,000 men, women and children sleep in our shelter system, the largest census since 1987 with homeless children the largest growing population.

Roughly 80% of people who become homeless enter the homeless system and exit it again relatively quickly. They have a crisis that affects their housing. They typically address their immediate problem and – despite the shortage of affordable housing for poor people – they

find housing. This group includes both single individuals and families, and they are very similar in most characteristics to other people who are poor. They have similar education levels and numbers of children.²

For these people, the homeless system should facilitate their move to housing and make their homeless episode as brief and the least traumatic as possible. When services are needed, they should be delivered while the family or individual is in stable permanent housing. (A few exceptions to this strategy include survivors of domestic violence who may need temporary shelter in a confidential and secure environment, and adults who are just finishing substance abuse or mental health treatment and may need intermediate levels of supportive housing.)

The proposed legislation strikes the right balance between local flexibility and accountability by reauthorizing key programs from the McKinney-Vento Homeless Assistance Act. Three of these programs (Shelter Plus Care, Supportive Housing, and Section 8 Moderate Rehabilitation/SRO) are awarded as part of an innovative and successful model of planning and decision-making – the Continuum of Care. The Continuum of Care process has brought together faith-based and community-based organizations in partnership with state and local governments to assess their needs and plan a coordinated response. This method of awarding homeless assistance funds is effective, and the bill wisely maintains it.

While the majority of homeless people don't need specialized housing, about 20% have more significant barriers to ending their homelessness. They have one or more chronic disabilities, including mental illness and substance abuse. They typically live in shelters and on the streets, and their episodes of homelessness can last several months or years. Many are veterans. Their homelessness exacerbates their disabilities and vice versa. One would think that housing them in shelters or allowing them to live on the streets would at least be an inexpensive if not humane response. However, this is not true. A groundbreaking study by the University of Pennsylvania shows that a chronically homeless, mentally ill person living on the streets of New York City exacts an annual public cost of approximately \$40,000.³ This is so expensive because they frequently use high cost public services, such as emergency and psychiatric hospitals. When they have an illness, it generally progresses to a severe stage before they get care. Their homeless life aggravates their mental illness, so they are more likely to need more expensive residential treatment. Chronically homeless people are also more likely to enter the criminal justice system.

But there is a solution – supportive housing. This model combines permanent, stable housing with on-site supportive services, which may include case management, job training, medical care, and mental health care. When chronically homeless people with mental illness in New York were housed in supportive housing, the cost saving that was experienced for each individual was almost equal to the cost of developing and operating a unit of supportive housing. In other words, with minimal investment, supportive housing virtually pays for itself and the individual and our communities are much better off.

The Administration has embraced the goal of ending chronic homelessness in 10 years. We wholeheartedly support this goal, and believe that it will lead to the eventual end of widespread homelessness. The Alliance estimates that there are about 200,000 - 250,000

chronically homeless people in the nation that need permanent supportive housing. The proposed bill makes a crucial contribution to achieving this goal by taking two important steps.

The first is that it requires 30% of funds provided under HUD's Homeless Assistance Grants be used for permanent housing. This important provision encourages communities to focus on ending homelessness by developing permanent housing. The appropriations committee has included this provision in the VA/HUD appropriations bills for the last several years. Prior to that, the share of homeless resources that were being used for permanent housing was dwindling.

The second step is that the bill funds Shelter Plus Care and Supportive Housing Program/Permanent Housing renewals through the Housing Certificate fund. This measure ensures that people who move into permanent supportive housing can stay for as long as they need to. It also enables developers of supportive housing to find the financing they need. Creditors usually want a guarantee that a unit will generate income for at least 10 to 15 years before they provide financing. Funding renewals from the Housing Certificate Fund provides that assurance. The move also allows homeless assistance funding to focus on developing new units of supportive housing instead of getting used up renewing the same projects year after year.

In addition to these steps, the bill removes a barrier to developing supportive housing by eliminating the caps on construction and rehabilitation. This is especially helpful in high-cost areas, where the production and preservation of supportive housing are often sorely needed.

While these proposals will ensure that enough housing is developed for chronically homeless people, it is also important to consider the services they need. The Departments of Health and Human Services, Labor, and Veteran's Affairs, as well as other Federal, state and local partners will have to contribute more than they do now. The bill would reauthorize the Interagency Council on the Homeless, which will provide a forum for discussion and hopefully lead to greater attention and funding for these needed services.

Bringing all of these resources together to end chronic homelessness will have another benefit. Because chronically homeless people have such great needs, many of the resources currently devoted to the homeless assistance system are used to just *manage* their homelessness. When enough supportive housing is developed to address those needs, the homeless assistance system will be free to do what it is supposed to, that is, to quickly re-house people who have experienced a temporary crisis.

Ms. Chairman and members of the Committee, I appreciate your concern for homeless people and for affordable housing as expressed in this hearing and in the well crafted bill you have proposed. We will be happy to work with you in any way possible to make the dream of ending homelessness a reality.

¹ Burt, Martha and Laudan, Aron. "America's Homeless II: Populations and Services." February 2000. Oral Presentation at the Urban Institute First Tuesdays Forum. Washington, D.C.

² Bassuk, Ellen, L.F. Weireb, J.C. Buckner, A. Browne, A. Salomon, S.S. Bassuk. 1996. "The Characteristics and Needs of Sheltered Homeless and Low-Income Housed Mothers." *Journal of the American Medical Association*, 276: 640-646.

³ Culhane, Dennis, Stephen Metraux and Trevor Hadley, “Executive Summary. The Impact of Supportive Housing for Homeless Persons with Severe Mental Illness on the Utilization of Public Health, Corrections and Emergency Shelter Systems: The New York-New York Initiative.” April 2001